

**PAINT CREEK TRAILWAYS COMMISSION**

**OAKLAND COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

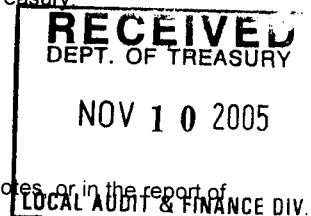
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Paint Creek Trailways Commission</b>	County <b>Oakland</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>11/7/05</b>	Date Accountant Report Submitted to State: <b>11/16/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>Michael H. DeVries, CPA</b>			
Street Address <b>837 S. Lapeer Road</b>		City <b>Oxford</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48371</b>	Date <b>11/7/05</b>

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**MICHAEL H. DeVRIES**

CERTIFIED PUBLIC ACCOUNTANT

837 South Lapeer Road

Oxford, Michigan 48371

Telephone 248.628.9200

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INDEPENDENT AUDITOR'S REPORT

Commissioners  
Paint Creek Trailways Commission  
Oakland County, Michigan

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information and account group of the Paint Creek Trailways Commission, Oakland County, Michigan, a joint venture of the City of Rochester, Rochester Hills, Charter Township of Oakland and Charter Township of Orion as of and for the year ended December 31, 2004 as listed in the table of contents, which collectively comprise a portion of the Commission's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and management's discussion and analysis as required by GASB 34. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Commission's activities and business-type activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Paint Creek Trailways Commission as of December 31, 2004, or the changes in its financial position, where applicable, for the year then ended.

MEMBER

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Paint Creek Trailways Commission  
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The budgetary comparison information on page 13 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respect in relation to the financial statements taken as a whole.

Sincerely,



Michael H. DeVries  
Certified Public Accountant

Oxford, Michigan  
November 7, 2005

**PAINT CREEK TRAILWAYS COMMISSION, OAKLAND COUNTY, MICHIGAN**  
**BALANCE SHEET - GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP**  
**DECEMBER 31, 2004**

	<b>Governmental Fund Type (Note 1C) General Fund</b>	<b>Account Group Note (1C) General Fixed Assets</b>
<b><u>ASSETS</u></b>		
Cash in Bank	\$156,363	\$ - 0 -
Due from Oakland Township	5,724	- 0 -
Accounts Receivable - Rental	2,400	- 0 -
- Member Units	116,835	- 0 -
- MNRTF Grant	3,700	- 0 -
Inventory	2,435	- 0 -
Prepaid Expenditures	1,050	- 0 -
Land (Note 1 D)	- 0 -	1,198,853
Office Equipment	- 0 -	11,307
<b><u>TOTAL ASSETS</u></b>	<b><u>\$288,507</u></b>	<b><u>\$1,210,160</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts Payable	\$241,415	\$ - 0 -
Deferred Revenue - Grant	2,815	- 0 -
Deferred Revenue - Lease	655	- 0 -
<b><u>TOTAL LIABILITIES</u></b>	<b><u>244,885</u></b>	<b><u>- 0 -</u></b>
<b><u>FUND BALANCE</u></b>		
Investment in General Fixed Assets	- 0 -	1,210,160
Un-designated	43,622	- 0 -
<b><u>TOTAL FUND BALANCE</u></b>	<b><u>43,622</u></b>	<b><u>1,210,160</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCE</u></b>	<b><u>\$288,507</u></b>	<b><u>\$1,210,160</u></b>

See accompanying notes to financial statements.

**PAINT CREEK TRAILWAYS COMMISSION, OAKLAND COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General Fund</u>
<b><u>REVENUES</u></b>	
Intergovernmental Contributions - Resurfacing	\$252,678
Intergovernmental Contributions	66,950
Rent and Other	9,055
Interest	1,052
Sale of Promotional Items	260
Donations	1,801
Miscellaneous	157
Grant Income	2,185
Reimbursements	<u>10,385</u>
<b><u>TOTAL REVENUES</u></b>	<u>344,523</u>
<b><u>EXPENDITURES</u></b>	
Professional Fees (Legal and Audit)	6,525
Per Diem	4,270
Insurance	6,944
C.O.S. - Promotional Items	249
Miscellaneous	459
Resurfacing Project Costs	271,738
Supplies	2,637
Part-Time Staffing and Bike Patrol Wages	38,825
Event Coordinator	5,000
Trailways Brochure	2,545
Engineering Costs - Reimbursable	9,963
Education	20
Equipment	695
Recorder's Fee	2,275
Travel and Mileage	823
Grant Expense - Prairie Video	2,185
MNRTF Grant Expenses	- 0 -
Telephone and Internet	1,017
Utilities	149
Trail Events	390
Bike Patrol Expenses	<u>715</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>357,424</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>	
<b><u>OVER EXPENDITURES</u></b>	(12,901)
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>56,523</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 43,622</u>

See accompanying notes to financial statements.

**PAINT CREEK TRAILWAYS COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**(1) SUMMARY OF ACCOUNTING POLICIES**

A summary of the Commission's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**A. REPORTING ENTITY**

In accordance with Michigan Department of Treasury minimum requirements, these financial statements present the Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance, of the Paint Creek Trailways Commission, hereafter the Commission. The Commission has elected to not adopt GASB Statement No. 34.

**B. ORGANIZATION**

The Commission was organized for the purpose of owning, developing, maintaining and operating certain non-motorized public trails within the jurisdictions of the City of Rochester, Rochester Hills, the Charter Township of Orion and the Charter Township of Oakland, its member units.

**C. BASIS OF PRESENTATION**

The accounts of the Commission are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are reporting devices to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of the Commission are recorded in separate funds and account groups, categorized as follows:

**Governmental Fund**

The General Fund is used to account for all financial resources except those provided for in another fund.

**Account Group**

The General Fixed Asset Account Group presents the fixed assets the Commission utilizes in its operations. Fixed assets used in the general operation of the Commission are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets.



(1) SUMMARY OF ACCOUNTING POLICIES (Continued)

**D. MEASUREMENT FOCUS / BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to revenues and expenditures that are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund types (General Fund) use a financial resource measurement focus and are accounted for using the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded under the modified accrual basis of accounting when the fund liability is incurred, if measurable. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

The major sources of revenue are intergovernmental contributions and rent.

**E. FIXED ASSETS**

General fixed assets purchased are recorded as expenditures in the General Fund at the time of purchase. Such assets are capitalized in the General Fixed Assets Group of accounts. No depreciation is provided on General Fixed Assets.

**F. BUDGET AND BUDGETARY ACCOUNTING**

The following procedures are instituted by the Commission in establishing the budgetary data reflected in the financial statements:

1. Prior to June of the next fiscal year, the treasurer submits a proposed budget to the Commission.
2. The Commission makes any recommendations or changes.
3. The budget must be approved by all four governmental units by December 31 of each year in order for it to become effective.
4. No Commissioner or employee of the Commission may expend any funds of the Commission except as appropriated by the Commission in keeping with the budgetary policy as adopted by the Commission. Changes in the amount appropriated by the Commission require approval by the Commission. There were changes to the original approved budget noted in the minutes, with a final amendment made on December 21, 2004.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(1) SUMMARY OF ACCOUNTING POLICIES (Continued)

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

H. PREPAID EXPENDITURES

Payments made to vendors for services that will benefit periods beyond December 31, 2004 are recorded as prepaid items.

I. INVENTORY

Inventory is valued at cost for the Governmental Fund and consists of saleable Paint Creek Trailways items.

(2) CASH AND INVESTMENTS

The captions on the Balance Sheet relating to Cash in Bank, are as follows:

Cash in Bank	<u>\$156,363</u>
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The above amounts are classified by GASB statement No. 3 in the following categories:

Summary of:

Specific Accounts:

Checking Account	<u>\$156,363</u>
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These funds are in one financial institution located in Oakland County. All accounts are in the name of the Commission. They are recorded in the Commission's records at cost. Interest is recorded when earned.

STATUTORY AUTHORITY

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

(2) CASH AND INVESTMENTS (Continued)

The Commission has designated one bank for the deposit of the Commission's funds. The Commission has adopted an investment policy in accordance with P.A. 196 of 1997. The Commission has funds invested in bank checking.

The Commission's deposits and investments are in accordance with statutory authority.

Michigan law (section 3, Act 40, P.A. 1932, as amended) prohibits security in the form of collateral, surety bond, or any other form for the deposit of public money.

We estimate that 61.1% of the Commission's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). We are unable to be specific due to the complexity of FDIC Regulation number 330.8. This regulation in summary provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000 in every financial institution that is not a branch location that is a member of the FDIC in the following deposit accounts.

1. All demand, non-interest bearing accounts (checking) in the name of the authorized or statutory custodian (treasurer) of public funds.
2. All savings deposits which include regular passbook, daily interest savings and time certificates of deposit in the name of the governmental unit's custodian.
3. The demand and savings accounts as defined in items 1 and 2 above for those bank accounts, in the name of a specific fund, when all of the following criteria is applicable:
  - (a) The fund is created by a specific state statute
  - (b) The functions of the fund are specified by state statute
  - (c) Money is allocated by state statute for the exclusive use of that fund and statutory function.

General Fund	Per <u>Institution</u>	Per <u>Books</u>	Insured <u>FDIC</u>	Not <u>Insured</u>
Flagstar Bank	<u>\$163,626</u>	<u>\$156,363</u>	<u>\$100,000</u>	<u>\$63,626</u>

In accordance with GASB Statement 3, Investments are classified into three categories of credit risk as follows:

- Category 1: Insured or collateralized with securities held by the entity or its agents in the entity's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3: Un-collateralized (includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the name of the entity).

(2) CASH AND INVESTMENTS (Continued)

Investment Type:

	(1)	(2)	(3)
Risk - Categorized Cash Equivalents	<u>\$100,000</u>	<u>\$63,626</u>	<u>\$ - 0 -</u>
Total Risk - Categorized Investments	<u>\$100,000</u>	<u>\$63,626</u>	<u>\$ - 0 -</u>

(3) RELATED PARTY TRANSACTIONS

GASB Codification Sec. 2300.107 requires that governmental entities disclose related party transactions. FASB Statement No. 57 defines a related party as:

*...principal owners of the enterprise; its management; members of the immediate family of principal owners of the enterprise and its management; and other parties with which the enterprises may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties may be prevented from fully pursuing its own separate interests. Another party is also related if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.*

Based on the above definition of related parties, the Commission had no incidences of related party transactions.

(4) RISK MANAGEMENT

The Commission carries commercial insurance primarily for protection from personal property loss, theft, and personal injury. For the three previous years, commercial insurance claims have not exceeded the amount of coverage as provided for by the policy. The Commission does not have a Fidelity Bond. The Commission has elected to **remain without** a Fidelity Bond according to their November 18, 1997 meeting minutes.

(5) GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

All acquisitions are being recorded at cost. No depreciation has been provided on the General Fixed Assets Group.

The account group is not "funds". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

(6) CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows:

	Balance 01-01-04	Additions	Deductions	Balance 12-31-04
Land	\$452,950	\$ - 0 -	\$ - 0 -	\$ 452,950
Office Equipment	11,307	- 0 -	- 0 -	11,307
Land Improvements - Bridges	117,220	- 0 -	- 0 -	117,220
Resurfacing	321,193	271,738	- 0 -	592,931
Signs	22,057	- 0 -	- 0 -	22,057
Improvements - Other	<u>13,000</u>	<u>695</u>	<u>- 0 -</u>	<u>13,695</u>
 <u>INVESTMENTS IN GENERAL FIXED ASSETS</u>	<u>\$937,727</u>	<u>\$272,433</u>	<u>\$ - 0 -</u>	<u>\$1,210,160</u>

(7) EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan Public Act 2 of 1968, as amended, the "*Uniform Accounting and Budgeting Act*" provides that a local unit shall not incur expenditures in excess of the amount appropriated (Section 18(1)). In the body of the financial statements, the Commission's actual expenditures and budgeted expenditures for the budgetary fund has been shown on a line item basis. The approved budget of the Commission for this budgetary fund was adopted on the line item level. The budget was amended during the year by the Commission, with a final amendment made on December 21, 2004.

For the year ended December 31, 2004 the Commission incurred expenditures in this budgetary fund which were in excess of the amounts appropriated. The following is a comparison of the Commission's adopted budget as compared to actual expenditures:

(7) **EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**  
(Continued)

<u>General Fund</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Professional Fees (Legal and Audit)	\$ 7,100	\$ 6,525	\$ 575
Per Diem	4,410	4,270	140
Insurance	7,000	6,944	56
C.O.S. - Promotional Items	500	249	251
Miscellaneous	1,000	459	541
Resurfacing Project Costs	271,238	271,738	(500)
Supplies	3,000	2,637	363
Part-Time Staffing and Bike Patrol Wages	40,675	38,825	1,850
Event Coordinator	5,000	5,000	- 0 -
Trailways Brochure	2,600	2,545	55
Engineering Costs - Reimbursable	10,280	9,963	317
Education	50	20	30
Equipment	1,000	695	305
Recorder's Fee	2,450	2,275	175
Travel and Mileage	900	823	77
Grant Expense - Prairie Video	2,400	2,185	215
Grant Expense - MNRTF	3,500	- 0 -	3,500
Telephone and Internet	2,000	1,017	983
Utilities	400	149	251
Trail Events	400	390	10
Bike Patrol Expenses	850	715	135
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>\$366,753</u></b>	<b><u>\$357,424</u></b>	<b><u>\$ 9,329</u></b>

(8) **ECONOMIC DEPENDENCY**

The Commission receives the majority of their revenue from the four governmental units.

**PAINT CREEK TRAILWAYS COMMISSION, OAKLAND COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

<u>REVENUES</u>	<u>General Fund</u>		<u>Variance Favorable (Unfavorable)</u>
	<u>Amended Budget</u>	<u>Actual</u>	
Intergovernmental Contributions	\$ 66,950	\$ 66,950	\$ - 0 -
Intergovernmental Contributions - Resurfacing	252,178	252,678	500
Rent and Other	8,655	9,055	400
Interest	800	1,052	252
Sale of Promotional Items	260	260	- 0 -
Donations	1,794	1,801	7
Miscellaneous	100	157	57
Reimbursements	10,385	10,385	- 0 -
Grant Income	<u>5,000</u>	<u>2,185</u>	<u>(2,815)</u>
<b><u>TOTAL REVENUES</u></b>	<b><u>346,122</u></b>	<b><u>344,523</u></b>	<b><u>(1,599)</u></b>
<b><u>EXPENDITURES</u></b>			
Professional Fees (Legal and Audit)	7,100	6,525	575
Per Diem	4,410	4,270	140
Insurance	7,000	6,944	56
C. O. S. - Promotional Items	500	249	251
Miscellaneous	1,000	459	541
Resurfacing Project Costs	271,238	271,738	(500)
Supplies	3,000	2,637	363
Part-Time Staffing and Bike Patrol Wages	40,675	38,825	1,850
Event Coordinator	5,000	5,000	- 0 -
Trailways Brochure	2,600	2,545	55
Engineering Costs - Reimbursable	10,280	9,963	317
Education	50	20	30
Equipment	1,000	695	305
Recorder's Fee	2,450	2,275	175
Travel and Mileage	900	823	77
Grant Expense - Prairie Video	2,400	2,185	215
Grant Expense - MNRTF	3,500	- 0 -	3,500
Telephone and Internet	2,000	1,017	983
Utilities	400	149	251
Trail Events	400	390	10
Bike Patrol Expenses	<u>850</u>	<u>715</u>	<u>135</u>
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>366,753</u></b>	<b><u>357,424</u></b>	<b><u>9,329</u></b>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u></b>	<b>(20,631)</b>	<b>(12,901)</b>	<b>7,730</b>
<b><u>FUND BALANCE - BEGINNING</u></b>	<b><u>56,523</u></b>	<b><u>56,523</u></b>	<b><u>- 0 -</u></b>
<b><u>FUND BALANCE - ENDING</u></b>	<b><u>\$ 35,892</u></b>	<b><u>\$ 43,622</u></b>	<b><u>\$ 7,730</u></b>

See accountant's report.



**MICHAEL H. DeVRIES**

CERTIFIED PUBLIC ACCOUNTANT

837 South Lapeer Road

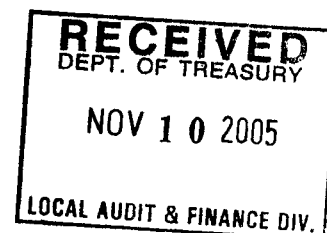
Oxford, Michigan 48371

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November 7, 2005

Commissioners  
Paint Creek Trailways Commission  
Oakland County, Michigan



We have examined the accounts and records of the Paint Creek Trailways Commission for the year ended December 31, 2004 and have reported our findings under separate cover. Our audit disclosed the following condition which we felt should be brought to your attention:

1. Pursuant to P.A. 2 of 1968, as amended, also known as the "*Uniform Accounting and Budgeting Act*", expenditures shall not be incurred in excess of the amount appropriated. Therefore, when the Commission exceeds their budgeted line item amounts the respective budgeted line item amounts should be revised accordingly.

Except for the above item, we found the accounts and records of the Paint Creek Trailways Commission to be in good condition. We would like to thank the administrative staff for the cooperation received throughout the course of our audit.

Sincerely,

Michael H. DeVries  
Certified Public Accountant

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